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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 1104

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY

RUCNCIS/CIS COLLECTIVE PRIORITY

RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0388

RUEHAK/AMEMBASSY ANKARA PRIORITY 3981

RUEHBJ/AMEMBASSY BEIJING PRIORITY 1798

RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0183

RUEHUL/AMEMBASSY SEOUL PRIORITY 0065

RUEHKO/AMEMBASSY TOKYO PRIORITY 1665

RUEHIT/AMCONSUL ISTANBUL PRIORITY 2234

RHMFIAA/CDR USCENTCOM MACDILL AFB FL PRIORITY

RUEAAIA/CIA WASHDC PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

RUEKJCS/JOINT STAFF WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RUEHBS/USEU BRUSSELS PRIORITY

RUEHVEN/USMISSION USOSCE PRIORITY 2663

C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 000850

SIPDIS

STATE FOR SCA/CEN, EUR/CARC, EUR/RUS, EEB

PLEASE PASS TO USTDA DAN STEIN

USEU BRUSSELS FOR SPECIAL ENVOY GRAY

ENERGY FOR EKIMOFF/THOMPSON

COMMERCE FOR HUEPER

E.O. 12958: DECL: 07/08/2018

TAGS: [PGOV](#) [PREL](#) [EPET](#) [RS](#) [KZ](#) [AJ](#) [TX](#)

SUBJECT: TURKMENISTAN: STATE AGENCY'S MURADOV

TIGHT-LIPPED BUT DROPS HINTS

REF: A. ASHGABAT 0829

[B.](#) ASHGABAT 0817

Classified By: CDA RICHARD E. HOAGLAND: 1.4 (B), (D)

[¶](#)1. (C) SUMMARY: Charge paid a farewell call on Executive Director of the Hydrocarbon State Agency Bayrammurad Muradov on July 7. Muradov (almost) confirmed that Turkmenistan is seriously reconsidering its past hard-line policy of no Western energy majors working onshore other than in service-contract capacity. He hewed closely to his government's hard-line position on Azerbaijan, but came close to admitting the two presidents have secret special envoys trying to work the mid-Caspian disputed-fields problem, which he insisted will prevent any kind of commercial cooperation at all until it is resolved. He responded well to advocacy for U.S. companies, and said Turkmenistan desires increased contact with Chevron and Marathon, although forward movement might need to wait for onshore policy resolution. He alleged that all is fine and dandy with the Caspian Littoral (Prikaspiskyy) Pipeline to Russia, with construction slated to start by the end of this year, despite Russian press reports to the contrary. He praised Kazakhstan as a close friend and reliable partner. We need frequent high-level Washington visitors to hand-hold and to encourage forward movement. Not every visit will have a break-through. But each visit is vitally important. END SUMMARY.

SHIFT IN ONSHORE POLICY?

[¶](#)2. (C) Charge told Muradov he'd heard rumors Turkmenistan might be reconsidering its to-date firm policy of no Western energy firms working onshore except in a service-contract capacity (reftel A). Muradov confirmed Turkmenistan is "reviewing" its policy but refused to be drawn out. He did

say, "Tell your companies to be patient."

AZERBAIJAN -- SUPPOSEDLY ALL OR NOTHING

¶13. (C) In discussing developments with Azerbaijan on Caspian Sea energy affairs, Muradov hewed closely to Turkmenistan's hard-line talking points. Charge said he thoroughly understood the disputed fields of Serdar/Kyapaz and Osman-Omar/ACG are a political issue that needs highest-level resolution. But, in the meantime, if Turkmenistan wants to move forward with Azerbaijan on commercial cooperation in the Caspian, perhaps within the framework of the Turkmenistan-Azerbaijan Bilateral Economic Commission, one way might be for an inter-connector production pipeline from Turkmenistan's Livonov field (operated by Petronas) to Azerbaijan's Oily Rocks, as SOCAR's Chairman Abdullayev had suggested to U.S. visitors in Baku in May. Both fields are undisputed. The Charge encouraged Turkmenistan to compartmentalize the political from the commercial for larger strategic reasons.

¶14. (C) Muradov bristled and took Turkmenistan's hardest line: no possibility of any cooperation until disputed fields are resolved. He asked how Turkmenistan can follow a two-track policy when Azerbaijan is "stealing millions of dollars a day from the children of Turkmenistan in Osman-Omar?" He further posited, only half tongue-in-cheek, "Maybe Livonov is ours today, but what if Azerbaijan claims it tomorrow? Then we'll claim Oily Rocks!" He asserted, "At this point, it all depends on delimitation," echoing what

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President Berdimuhamedov told the Charge on June 30 (reftel B).

¶15. (C) Charge asked if quiet diplomacy between Turkmenistan and Azerbaijan is working on this issue. Muradov demurred and pointed to the Turkmenistan-Azerbaijan foreign-ministry-level joint commission on delimitation. Charge dismissed that as bureaucracy-as-usual and asked if the two presidents have secret special envoys working on the question. Muradov looked a little taken aback and said, "I can't tell you about that." Charge assured Muradov such information was none of his business, and the United States does not seek to insert itself in sensitive secret diplomacy, but does stand ready to assist, if asked, because for strategic purposes the United States very much wants to see this issue resolved sooner rather than later.

¶16. (C) Muradov, a little nonplussed, added, "When President Berdimuhamedov was in Baku, he gave President Aliyev a completely reasonable proposal, but we're still waiting for their response." Charge asked, "Can you tell me the details?" Muradov replied, "No!" Then he added even he himself doesn't have all the details and knows only the general outline. (COMMENT: In the worst-case scenario, Berdimuhamedov's proposal might have been something like, "Give us all fo Serdar/Kyapaz, and we won't take you to international arbitration over Osman-Omar/ACG." END COMMENT.) As further possible evidence of the Turkmenistani maximalist position, Muradov said, "We don't expect any kind of Azeri response until after their presidential election this Fall. It would be too hard for them now." When Charge commented, "That's a long time away," Muradov smiled, "Time is on our side."

U.S. CORPORATIONS

¶17. (SBU) CHEVRON: Charge told Muradov the United States encourages Turkmenistan to look closely and positively at the current Chevron proposal and to take the necessary next steps for meetings to work on details. Muradov responded, "Chevron is a good, respected, promising company. We still have a few questions how to retain our rights, but we want to work seriously with them on their proposal." Charge urged Muradov to schedule in the near future a meeting to look at next

steps.

¶18. (C) MARATHON: Charge recommended Turkmenistan also look closely at the Marathon proposal, since it fits closely with Turkmenistan's stated desire to develop its petrochemical industry. Muradov responded that Turkmenistan is "waiting impatiently" for Marathon's more detailed proposal, now that Turkmenistan has signed Marathon's confidentiality agreement.

He characterized Chevron as more forthcoming than Marathon. He claimed Marathon is demanding current onshore access to evaluate Turkmenistan's fields, but Turkmenistan needs to know more about Marathon's real goals before it grants that access. He said, "We are waiting for their detailed proposals before we can move forward. They interest us greatly, I assure you, but we need to hear more from them."

¶19. (SBU) EXXON-MOBIL: Charge encouraged Turkmenistan to respond positively to Exxon-Mobil's letter requesting high-level meetings for its senior executives. Muradov said he is aware of the request.

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CASPIAN LITTORAL PIPELINE

¶10. (C) On the status of the Gazprom-promoted Caspian Littoral (Prikaspiskyy) Pipeline, Muradov gave the standard line that all is well and construction should start before the end of this calendar year. Charge noted this is not what he has seen in the Russian press that quoted Russian energy officials as saying Prikaspiskyy can't move forward without identifying new Turkmen natural-gas sources. Muradov simply said, "Russia is our business partner."

KAZAKHSTAN A GOOD PARTNER

¶11. (C) Muradov volunteered that Kazakhstan is an "excellent and reliable partner" on energy issues. Charge agreed and added, "I hope you will soon add another member -- across the Caspian -- to that club. It is important for you." Muradov grinned and said, "Let's see."

¶12. (C) COMMENT: Despite our desire to charge ahead, Turkmenistan is playing its own self-interested waiting game in Caspian energy affairs. But it is not necessarily a negative role, if we have the patience to wait them out. At this point, offering to stand by as a loyal friend might help give them the confidence to move forward. Our interventions during the past year have led to real internal debate about their onshore policy, which we predict will have a positive resolution. What we need is frequent high-level visitors from Washington to hand-hold and to encourage forward movement. Not every visit will have a break-through. But each visit is vitally important. END COMMENT.

HOAGLAND